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**Financing of the United Nations Interim Administration Mission in Kosovo**

# Financial arrangements for the period from 1 July 2004 to 30 June 2005 of the United Nations Interim Administration Mission in Kosovo

## Report of the Advisory Committee on Administrative and Budgetary Questions

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| Appropriation 2004/05 | $264 625 200 |
| Revised budget submitted by the Secretary-General 2004/05 | $298 399 300 |
| Recommendation of the Advisory Committee 2004/05 | $294 625 200 |

1. The recommendation of the Advisory Committee on Administrative and Budgetary Questions contained in paragraphs 4 and 5 below would entail a reduction of $3,774,100 to the proposed financing arrangements for the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2004 to 30 June 2005 as contained in the note by the Secretary-General (A/59/692).

2. The Secretary-General indicates in paragraph 2 of his note that since the issuance of the budget for UNMIK for the period from 1 July 2004 to 30 June 2005, there have been a number of changes in the cost parameters, which have had a significant impact on the original cost estimates and have resulted in additional resource requirements. The changes include: the increase in Mission subsistence allowance rates effective 1 May 2004, the revised salary scales for national staff effective 1 March 2004, currency fluctuations between the euro and the United States dollar, and a new air operations contract effective 15 September 2004. The

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Advisory Committee was provided upon request with additional information on the salary survey in Kosovo and the new salary scale for national staff (see annex).

3. The total cost of these increases is estimated by the Secretary-General at $37,404,100, of which an amount of $37,018,100 relates to allowances and salaries of military liaison officers, civilian police and international and national staff. The balance of $386,000 is attributable to the increased requirements for air transportation. The Secretary-General indicates that $3,630,000 out of the total additional requirements of $37,404,100 can be met through reprioritization of funds resulting, therefore, in an additional resource requirement of $33,774,100 for the current financial period.

4. The Advisory Committee points out that the amount proposed for absorption ($3,630,000) represents less than 10 per cent of the estimated cost overrun of $37,404,100. In this connection, the Advisory Committee recalls paragraph 25 of its report contained in document A/58/759/Add.5, in which it stated its expectation of savings under operational costs for the period 2004/05. **The Advisory Committee acknowledges that the administration has limited flexibility in influencing expenditures related to staff costs and allowances. However, a greater effort should have been made to absorb unbudgeted expenditures by achieving economies in such areas as travel of staff, maintenance of facilities and infrastructure, and acquisition of vehicles, and communications and other electronic data-processing equipment.**

5. **With regard to the projected shortfall of funds under air operations ($386,000), the Advisory Committee is of the view that the administration should make further efforts to reduce air operations costs and/or absorb any additional costs through reprioritization of funds available under operational costs ($37.9 million). Any residual additional funds that may be required as a result of the increased cost of the new air operations contract could be included in the performance report of UNMIK for the financial period 2004/05.**

6. **Taking the above into account, the Advisory Committee recommends that the General Assembly approve an additional appropriation of $30 million for the maintenance of UNMIK for the 12-month period from 1 July 2004 to 30 June 2005, in addition to the amount of $264,625,200 already appropriated for the same period under the provisions of Assembly resolution 58/305 of 18 June 2004.**

## Annex

### United Nations Interim Administration Mission in Kosovo: salary survey in Kosovo and new salary scale for national staff

The General Assembly considered the report of the International Civil Service Commission (ICSC) for 2003[a] at its fifty-eighth session and, in part III of its resolution 58/251 of 23 December 2003, endorsed the decisions of ICSC and the refinements and modifications of the methodologies contained in the report.

The salary survey was carried out in accordance with the provisions of the revised salary survey methodology for non-Headquarters duty stations which had been approved by the General Assembly in its resolution 58/251. In accordance with the survey methodology, comprehensive salary surveys are carried out on average every four years. In between comprehensive surveys, interim surveys are carried out in accordance with the provisions of the survey methodology.

The previous (interim) salary survey for Kosovo had been carried out in May 2002. The comprehensive survey conducted in March 2004 found that the existing United Nations salary scale was substantially lower than the scale of comparators, that is to say, 40.7 per cent lower for the General Service category and 32.5 per cent lower for the National Officer category.

As per Staff Rule 103.4, the Secretary-General shall set salary or wage rates for personnel specifically recruited for service with a mission from within the general area of the mission.

*Notes*

[a] *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 30* (A/58/30).